



CCM DUOPHARMA BIOTECH BERHAD (524271-W)
(Incorporated in Malaysia)
Quarterly Report On Results For The Period Ended 30 June 2012
NOTES TO INTERIM FINANCIAL REPORT

A1 Accounting Policies and Method of Computation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. An explanation of how the transition to MFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided.

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2011.

Property, plant and equipment

In the previous years, the Group has availed itself to the transitional provision when MASB first adopted IAS 16, Property, Plant and Equipment in 1998.

Land and buildings were revalued in December 2010 and no later valuation has been recorded for these property, plant and equipment.

Upon transition to MFRSs, the Group elected to apply the optional exemption to use that previous revaluation as deemed cost under MFRSs. The revaluation

The impact arising from the changes are summarized as follows:

In thousands of RM

	FRS	Reclassifications	MFRS
As at 1 January 2011			
Equity			
Revaluation reserve	7,395	(7,395)	-
Retained earning	68,593	7,395	75,988
As at 30 June 2011			
Equity			
Revaluation reserve	7,395	(7,395)	-
Retained earning	74,517	7,395	81,912
As at 31 December 2011			
Equity			
Revaluation reserve	7,395	(7,395)	-
Retained earning	75,169	7,395	82,564

A2 Audit Report

The audited report of the Company's preceding annual financial statements was not qualified.

A3 Seasonal or Cyclical Factors

The business operations of the Group during financial quarter under review were not materially affected by any seasonal or cyclical factors.

A4 Exceptional/Extraordinary Items

There were no exceptional/extraordinary items for the financial period under review.

A5 Changes in Estimates

There was no material change in estimates of amounts reported in the prior quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

A6 Debts and Equity Securities

There are no issuance, cancellations, repurchases, resale and repayments of debts and equity securities for the financial period under review.

A7 Dividend Paid

The Group paid final dividend 29% (14.5 sen) per share less 25% income tax amounting RM 15.10 million in respect of financial year ended 31 December 2011 during the current quarter.

During the corresponding quarter last year the Group has paid tax exempt final dividend of 22% (11.0 sen) per share amounting RM 15.27 million in respect of financial year ended 31 December 2010.

A8 Segment Information

	Quarter Ended		Year To Date	
	6/30/2012		6/30/2012	
	RM ' 000		RM ' 000	
Sales by operating sector :-	Sales	Gross Profit	Sales	Gross Profit
Local	31,883	15,876	65,582	30,251
Export	2,472	1,065	4,830	2,061
	34,355	16,941	70,412	32,312

A9 Post Balance Sheet Events

There are no material events after the period end up to 9 Aug 2012 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report) that have not been reflected in the financial statements for the financial period ended 30 June 2012.

A10 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter.

A11 Related Parties Transactions

Significant related parties transactions of the Group for the year ended 30 June 2012 are as follows:-

	<u>RM ' 000</u>
a) With CCM Pharmaceuticals (S) Pte Ltd, a wholly owned subsidiary of CCM International Sdn Bhd which in turn is a wholly-owned subsidiary of CCM Marketing Sdn Bhd.	
-Sales of goods	<u>711</u>
b) With CCM Pharmaceuticals Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0%	
-Purchase of goods	<u>(76)</u>
-Sales of goods	<u>3,104</u>
c) With UPHA Pharmaceuticals Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0%	
-Purchase of goods	<u>(234)</u>
-Sales of goods	<u>5,385</u>

ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of Performance

The Group recorded a revenue and profit before tax (PBT) of RM70.41 million and RM17.91 million respectively for period ended 30 June 2012 as compared to RM68.33 million and RM17.17 million for the corresponding period last year. The increase in revenue and gross profit (GP) thereof was mainly due to enhanced sales to Government Hospitals. The increase in PBT is lower than gross profit increase as the Group has incurred additional costs in professional fees and also provision for warranty.

B2 Comparison with the Preceding Quarter's Results

	Qtr 2 2012 (30/6/12) RM'000	Qtr 1 2012 (31/3/12) RM'000	Variance	
			RM'000	%
Revenue	34,355	36,057	(1,702)	(4.72)
Profit before tax (PBT)	9,037	8,869	168	1.89
Profit after tax (PAT)	6,867	6,708	159	2.37

The Group recorded a revenue and profit before tax (PBT) of RM34.36 million and RM9.04 million respectively for current quarter ended 30 June 2012 as compared to RM36.06 million and RM8.87 million for the preceding financial quarter. The decrease in revenue was mainly due to lower sales to Government Hospital during the quarter. Despite the lower revenue, the gain from disposal of warehouses has enabled current quarter PBT to be marginally higher than previous quarter.

B3 Prospect for the Remainder of Current Financial Year

Demand in the pharmaceutical industry is expected to remain relatively stable although the global economy is expected to remain uncertain. The defensive nature of the industry augurs well for the Group although offtake of demand may fluctuate especially for supply to Government Hospitals via tender business. The Group sees potential cost pressures to come from utility and proactive compliance to the national minimum wage policy requirement in addition to some capital expenditures required for new projects and Good Manufacturing Practices (GMP) requirements.

Barring any unforeseen circumstances, the Group is expected to remain profitable.

B4 Profit Forecast

No commentary is made on any variance between actual profit from forecast profit as it does not apply to the Group.

B5 Taxation

Details of taxation are as follows :-

	Current Year Quarter 30/6/12 RM'000	Current Year To Date 30/6/12 RM'000
Based on results for the quarter/year	(2,602)	(4,524)
Transfer to deferred tax	432	193
	<u>(2,170)</u>	<u>(4,331)</u>

The Group's effective tax rate is approximate to the statutory tax rate.

B6 Unquoted Investments and Properties

The Group has disposed off to third parties assets held for sale as follows:

Sales & purchase agreement dated	Type of properties	Disposal price (RM)	Net Book Value (RM)	Gain On Disposal (RM)
1/12/2012	Two units of 1½ storey semi-detached factories.	1,422,000	1,187,227	234,773
1/4/2012	One unit of 1½ storey semi-detached factories.	919,000	553,613	365,387

The consideration for the disposal has been received in full

B7 Status of corporate proposals.

There were no new corporate proposal announced as at the date of the report.

B8 Borrowings and Debt Securities

Details of Group's borrowings are as follows :-

	As at 30 June 2012 RM'000	As at 30 June 2011 RM'000
Current - unsecured	6,248	8,334
Non-current - unsecured	-	6,249
Total	6,248	14,583

B9 Material litigation

There was no material litigation up to 16 Aug 2012 .

B10 Dividend

For the current financial period ended 30 June 2012, the Board of Directors is recommending an interim tax exempt dividend of 7% (3.5 sen) per share based on paid up capital of approximately 139.4 million share at par value of RM 0.50 each amounting to approximately RM 4.88million (2011 : 7% (3.5 sen)). The entitlement date in respect of the interim tax exempt dividend is on 17 Oct 2012 and the payment date is on 9 Nov 2012.

B11 Earnings per Share

	Current year quarter 30/6/12	Current year to date 30/6/12
a) Basic EPS		
Net profit (RM'000)	6,867	13,575
Weighted average number of ordinary shares in issue ('000)		
- Balance b/f	138,822	138,822
-Weighted average number of shares arising from options exercised during the period	-	-
	138,822	138,822
Basic EPS (sen)	4.95	9.78
b) Dilutive EPS		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	138,822	138,822
-Dilutive impact of unexercised share options	-	-
	138,822	138,822
Dilutive EPS (sen)	4.95	9.78

B12 Disclosure of Realised and Unrealised

	Current year to date 30-Jun-12 RM '000	Preceding year corresponding period 30-Jun-11 RM '000
Total retained profits:		
- Realised	118,078	105,378
- Unrealised	1,013	(4,478)
	119,091	100,900
Less: Consolidation adjustments	(27,327)	(27,327)
Total retained profit	91,764	73,573

B13 Profit Before Tax

	Current year quarter 30/6/12 RM '000	Current year to date 30/6/12 RM '000
Operating profit is arrived at after charging:		
Depreciation of property, plant and equipment	1,712	3,347
Interest expense	139	247
Write-off of inventories	734	442
Net foreign exchange loss	<u>216</u>	<u>289</u>

Other than the above, there were no impairment of assets and gain or loss on derivatives for the current quarter and current period ended 30 June 2012.

B14 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 August 2012

By Order of the Board

Noor Azwah binti Samsudin
Secretary
Kuala Lumpur
16 August 2012